Strattec

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Q1 FY2027 Financial Results Conference Call

Nasdaq: STRT

Safe Harbor Statement

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Certain statements contained in this presentation contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as “anticipate,” “believe,” “could,” “expect,” “intend,” “may,” “planned,” “potential,” “should,” “will,” and “would.” Such forward-looking statements are inherently subject to many uncertainties in the Company’s operations and business environment. These uncertainties include general economic conditions, in particular, relating to the automotive industry, consumer demand for the Company’s and its customers’ products, competitive and technological developments, customer purchasing actions, changes in warranty provisions and customer product recall policies, work stoppages at the Company or at the location of its key customers as a result of labor disputes, foreign currency fluctuations, uncertainties stemming from U.S. trade policies, tariffs and reactions to the same from foreign countries, matters adversely impacting the timing and availability of component parts and raw materials needed for the production of the Company’s products and the products of its customers and fluctuations in costs of operation, the Company’s ability to identify, evaluate, negotiate and complete acquisitions or other strategic transactions on acceptable terms or at all, the costs incurred in pursuing such transactions, and the Company’s ability to integrate any acquired business and realize any potential benefits should a transaction occur. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Such uncertainties and other operational matters are discussed further in the Company’s quarterly and annual filings with the Securities and Exchange Commission. The forward-looking statements made herein are only made as of the date of this presentation and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances occurring after the date of this presentation.

Use of Non-GAAP Financial Metrics and Additional Financial Information

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, Strattec provides Adjusted Non-GAAP information as additional information for its operating results. References to Adjusted Non-GAAP information are to non-GAAP financial measures. These measures are not required by, in accordance with, or an alternative for, GAAP and may be different from similarly titled non-GAAP financial measures used by other companies. Strattec’s management uses these measures to make strategic decisions, establish budget plans and forecasts, identify trends affecting Strattec’s business, and evaluate performance. Management believes that providing these non-GAAP financial measures to investors, as a supplement to GAAP financial measures, will help investors evaluate Strattec’s core operating and financial performance and business trends consistent with how management evaluates such performance and trends. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

The Company has provided reconciliations of comparable GAAP to non-GAAP measures in the supplemental slides of this presentation.

Strattec Q1 FY2027

First Quarter Highlights

Transformation Drives Strong Cash Generation

- Generated $10.8 million in the quarter
- On track for ~$40 million of cash from operations for the year

Balance Sheet Strength Enables Strategy

- Investing organically
- Returned $5.0 million to shareholders through share repurchase program
- Active acquisition pipeline supports customer diversification, enhanced product offering and increased scale

Productivity Actions Support Margins on Soft Sales

- Achieved gross margin of 16.5% on $147.2 million in sales
- Further reduced cost structure for $1.3 million in annualized savings
- Adjusted EBITDA margin of 9.2% for the quarter

($ in millions)

Transforming Strattec: Building a Better Business

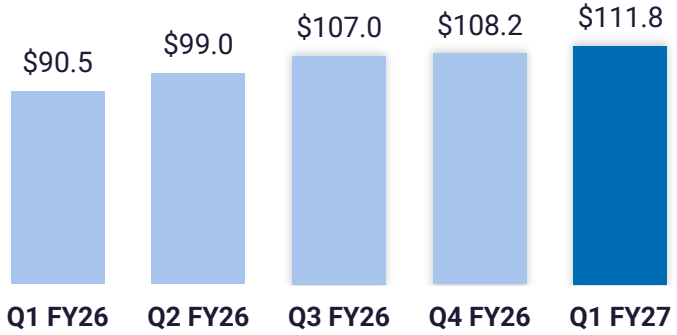
Execute Plan to Deliver Value

- Continued strong cash generation through sustained profitability and disciplined execution
- Developing plan for further productivity enhancements and cost reductions
- Engaging with more prospective customers and building relationships for the longer term

Advancing Business Development Efforts

- Focused on diversification of customers, increased scale and enhancement of product offerings within Permission, Motion and Hold
- Discipline around strategic fit, financial returns, capital requirements and execution risk
- Active funnel of acquisition opportunities; $2.4 million invested in the quarter

Cash Balance Supports Strategic Initiatives

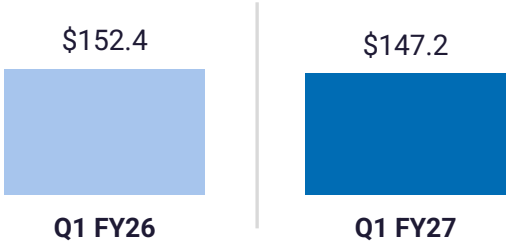


- $111.8 million cash balance and no debt
- Liquidity supports strategy: productivity investments including automation, cushion for industry dynamics, share repurchases and M&A

($ in millions)

Established Customers & Diverse Products

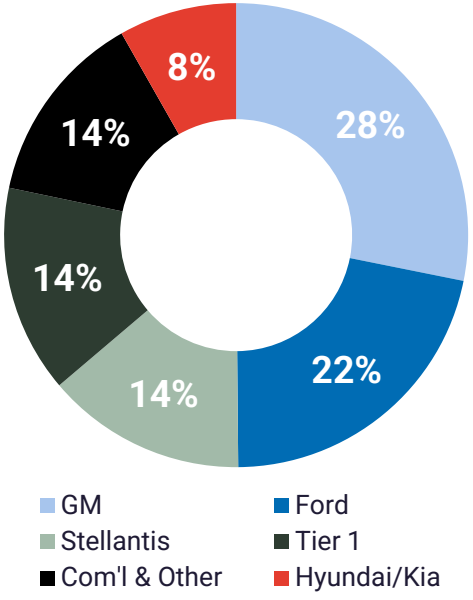
Net Sales



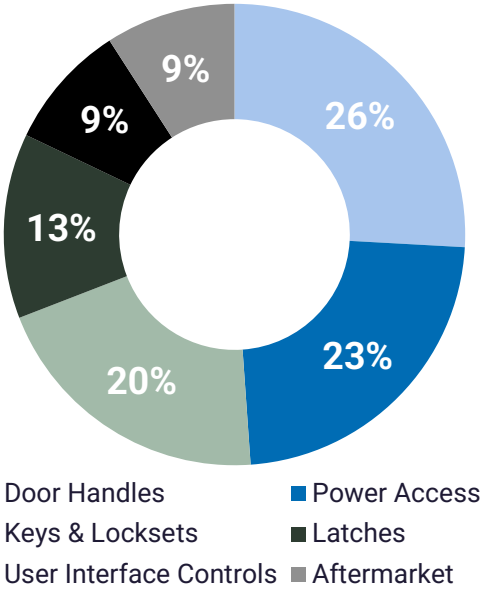
Q1 FY26 net sales reflects soft auto market

+ $1.0 million of pricing benefits
− $6.2 million in volume
− NA auto production down 3.8%
− Includes Detroit 3 production down 6.8%

Q1 FY27 Sales by Customer



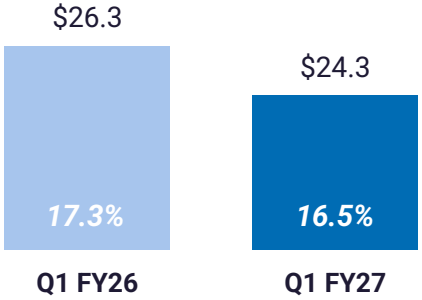
Q1 FY27 Sales by Product



($ in millions)

Sustained Gross Margin Strength on Lower Volume

Gross Profit & Margin (QTR)



Q1 FY27 gross margin down 80 basis points y/y

+ $0.9 million in restructuring savings
– $1.4 million FX headwind (90 bps)
– $0.4 million in Mexico wage inflation

Q1 FY27 adjusted gross margin[1] was 16.6%

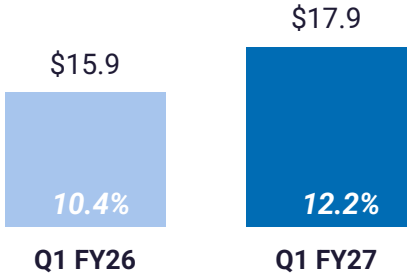
- Adjusted for $0.1 million in transformation costs

[1] *Adjusted gross profit and margin are non-GAAP metrics. Refer to the reconciliation of GAAP to non-GAAP metrics in the supplemental tables of this presentation.*

($ in millions)

Managing SAE & Investing in Talent

SAE[1] & % of Sales (QTR)



Q1 FY27 SAE expenses increased $2.0 million y/y

- $2.4 million increase in business development costs
- $1.2 million benefit from E&D recoveries
- $0.5 million lower bonus provision

Q1 FY27 adjusted SAE expenses[2] declined $0.2 million to 10.2% of sales

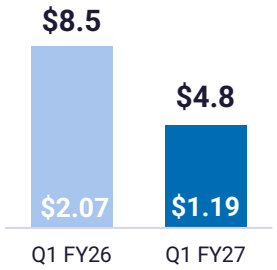
- Excludes business development expenses
- Cost discipline enables achieving target range of 10% to 11%

[1]*Selling, administrative and engineering expenses*
[2]*Adjusted SAE is a non-GAAP metric. Refer to the reconciliation of GAAP to non-GAAP metrics in the supplemental tables of this presentation*

($ in millions except earnings per share data)

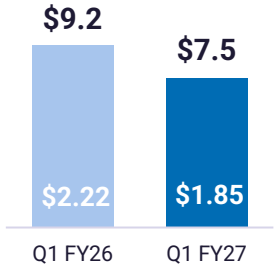
Delivering Earnings in Challenging Environment

NET INCOME[1] (QTR)



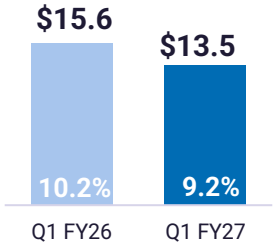
- Q1 FY27 impacted by lower volume and business development costs as well as $1.9 million y/y headwind from changes in FX
- Expect FY27 effective tax rate in range of 23% to 25%

ADJ. NET INCOME[2] (QTR)



- Despite lower volume, continue to deliver profitability
- Q1 FY27 Adj. diluted EPS excludes business development costs

ADJ. EBITDA[2] (QTR)



- Adj. EBITDA margin contracted in the quarter due to changes in FX
- Despite lower volume sequential improvement of 90 bps

[1] *Net Income Attributable to Strattec*
[2] *Adjusted Net Income Attributable to Strattec, Adjusted Diluted Earnings per Share, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP metrics. Refer to the reconciliation of GAAP to non-GAAP metrics in the supplemental tables of this presentation.*

($ in millions)

Strong Cash Generation & Capital Flexibility

CASH FLOW

	Q1 FY 2027	Q1 FY 2026
Cash from operations	$ 10.8	$ 11.3
Capital Expenditures	(1.2)	(1.5)
Free cash flow (FCF)[1]	**$ 9.6**	**$ 9.8**

CASH AND DEBT

	September 27, 2026	June 28, 2026
Cash and cash equivalents	$ 111.8	$ 108.2
Total debt	$ 0.0	$ 0.0

Cash Generation:

- Remained strong on lower net income
- Benefit of ED&D recoveries
- Building cash balance to execute strategic plan

Capital Priorities: cash position supports strategy

1. Fund customer programs, automation and modernization
2. Maintain resilience through automotive cycles
3. Return capital through opportunistic share repurchases
4. Pursue disciplined M&A strategy to scale and diversify

(1) Free cash flow is a non-GAAP metric defined as cash flow from operations less capital expenditures (CapEx)

OUTLOOK:

Expect Continued Improvement in Operations and Solid Cash Generation Against Declining Market Demand

(as of October 29, 2026)

Revenue

- FY 2027 revenue forecast based on industry projections:
  - *~2% decline in NA auto production including Detroit 3 down nearly 6%*
- Expect Q2 FY27 to trend with industry production of customers and platforms and with holiday seasonality

Gross Margin

- Challenged with lower volume and material cost inflation in FY27; FX improvement should offset material cost
- Expect to be in 15% to 16% range for fiscal year; working to improve with additional transformation actions
- Continuing to target 18% to 20% margins over next few years (assumes average 5-year peso)

SAE

- Given planned investments expect quarterly run rate of $16.5 million to $17 million excluding unusual items
- Longer term objective is SAE at 10% to 11% of sales

Cash Generation

- Expect normal run rate of ~$10 million +/- per quarter

Our Vision :

To be the most trusted, global leader in safe and secure access solutions for the automotive and mobility industries by creating the ultimate access experience for consumers.

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Q1 FY2027 Financial Results

Supplemental Slides

www.strattec.com

($ in thousands)

	Fiscal 2026					Fiscal 2027				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
NET SALES:										
Net Sales (GAAP)	$152,399	$137,534	$137,632	$151,827	$579,392	$147,197	$ -	$ -	$ -	$147,197
ADJUSTED GROSS PROFIT:										
Gross Profit (GAAP)	$ 26,335	$ 22,722	$ 22,661	$ 23,647	$ 95,365	$ 24,315	$ -	$ -	$ -	$ 24,315
Gross Margin as a % of Net Sales	17.3%	16.5%	16.5%	15.6%	16.5%	16.5%				16.5%
Adjustments:										
Restructuring and similar charges	-	91	11	(10)	92	-	-	-	-	-
Business transformation costs	-	-	138	265	403	103	-	-	-	103
Cancelled program settlements	-	-	(573)	-	(573)	-	-	-	-	-
	-	91	(424)	255	(78)	103	-	-	-	103
Adjusted Gross Profit (Non-GAAP)	$ 26,335	$ 22,813	$ 22,237	$ 23,902	$ 95,287	$ 24,418	$ -	$ -	$ -	$ 24,418
Adjusted Gross Margin as a % of Net Sales	17.3%	16.6%	16.2%	15.7%	16.4%	16.6%				16.6%
ADJUSTED SELLING, ADMINISTRATIVE AND ENGINEERING EXPENSES:										
Selling, administrative and engineering expenses (GAAP)	$ 15,888	$ 17,860	$ 17,615	$ 17,479	$ 68,842	$ 17,892	$ -	$ -	$ -	$ 17,892
Selling, administrative and engineering expenses as a % of Net Sales	10.4%	13.0%	12.8%	11.5%	11.9%	12.2%				12.2%
Adjustments:										
Restructuring and similar charges	-	(1,570)	(430)	44	(1,956)	-	-	-	-	-
Executive transition costs	(136)	(88)	(423)	(240)	(887)	(128)	-	-	-	(128)
Business transformation costs	(514)	(994)	(822)	(796)	(3,126)	(360)	-	-	-	(360)
Business development costs	-	-	-	(763)	(763)	(2,368)	-	-	-	(2,368)
Cancelled program settlements	-	-	750	-	750	-	-	-	-	-
	(650)	(2,652)	(925)	(1,755)	(5,982)	(2,856)	-	-	-	(2,856)
Adjusted Selling, administrative and engineering expenses (Non-GAAP)	$ 15,238	$ 15,208	$ 16,690	$ 15,724	$ 62,860	$ 15,036	$ -	$ -	$ -	$ 15,036
Adjusted Selling, administrative and engineering expenses as a % of Net Sales	10.0%	11.1%	12.1%	10.4%	10.8%	10.2%				10.2%
ADJUSTED OPERATING INCOME:										
Income from operations (GAAP)	$ 10,447	$ 4,862	$ 5,046	$ 6,168	$ 26,523	$ 6,423	$ -	$ -	$ -	$ 6,423
Operating Income as a % of Net Sales	6.9%	3.5%	3.7%	4.1%	4.6%	4.4%				4.4%
Adjustments:										
Restructuring and similar charges	-	1,661	441	(54)	2,048	-	-	-	-	-
Executive transition costs	136	88	423	240	887	128	-	-	-	128
Business transformation costs	514	994	960	1,061	3,529	463	-	-	-	463
Business development costs	-	-	-	763	763	2,368	-	-	-	2,368
Cancelled program settlements	-	-	(1,323)	-	(1,323)	-	-	-	-	-
	650	2,743	501	2,010	5,904	2,959	-	-	-	2,959
Adjusted Operating Income (Non-GAAP)	$ 11,097	$ 7,605	$ 5,547	$ 8,178	$ 32,427	$ 9,382	$ -	$ -	$ -	$ 9,382
Adjusted Operating Income as a % of Net Sales	7.3%	5.5%	4.0%	5.4%	5.6%	6.4%				6.4%

($ in thousands, except per share data)

	Fiscal 2026					Fiscal 2027				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
ADJUSTED EBITDA:										
Net income attributable to Strattec (GAAP)	$ 8,529	$ 4,947	$ 3,240	$ 3,882	$ 20,598	$ 4,833	$ -	$ -	$ -	$ 4,833
Net income (loss) attributable to non-controlling interest	8	696	585	(264)	1,025	478	-	-	-	478
Income tax expense	2,356	1,699	1,282	6,002	11,339	1,881	-	-	-	1,881
Other (income) expense, net	275	(1,691)	748	(2,630)	(3,298)	183	-	-	-	183
Interest income	(877)	(885)	(879)	(859)	(3,500)	(989)	-	-	-	(989)
Interest expense	156	96	70	37	359	37	-	-	-	37
Income from operations	10,447	4,862	5,046	6,168	26,523	6,423	-	-	-	6,423
Adjustments:										
Depreciation	$ 3,785	$ 3,893	$ 3,772	$ 3,635	$ 15,085	$ 3,492	$ -	$ -	$ -	$ 3,492
Non-cash stock-based compensation	669	1,125	811	700	3,305	618	-	-	-	618
Restructuring and similar charges	-	1,305	424	(30)	1,699	-	-	-	-	-
Executive transition costs	136	88	423	240	887	128	-	-	-	128
Business transformation costs	514	994	960	1,061	3,529	463	-	-	-	463
Business development costs	-	-	-	763	763	2,368	-	-	-	2,368
Cancelled program settlements	-	-	(1,323)	-	(1,323)	-	-	-	-	-
	5,104	7,405	5,067	6,369	23,945	7,069	-	-	-	7,069
Adjusted EBITDA (Non-GAAP)	$ 15,551	$ 12,267	$ 10,113	$ 12,537	$ 50,468	$ 13,492	$ -	$ -	$ -	$ 13,492
Adjusted EBITDA as a % of Net Sales	10.2%	8.9%	7.3%	8.3%	8.7%	9.2%				9.2%
ADJUSTED NET INCOME AND EARNINGS/(LOSS) PER SHARE:										
Net income attributable to Strattec (GAAP)	$ 8,529	$ 4,947	$ 3,240	$ 3,882	$ 20,598	$ 4,833	$ -	$ -	$ -	$ 4,833
Adjustments:										
Restructuring and similar charges	570	1,165	572	49	2,356	107	-	-	-	107
Executive transition costs	136	88	423	240	887	128	-	-	-	128
Business transformation costs	514	994	960	1,061	3,529	463	-	-	-	463
Business development costs	-	-	-	763	763	2,368	-	-	-	2,368
Cancelled program settlements	-	-	(1,323)	-	(1,323)	-	-	-	-	-
Non-controlling interest impact	(196)	190	(9)	28	13	(6)	-	-	-	(6)
Tax effect on above adjustments and other discrete tax items	(383)	(335)	(139)	2,388	1,531	(392)	-	-	-	(392)
	641	2,102	484	4,529	7,756	2,668	-	-	-	2,668
Adjusted Net Income attributable to Strattec (Non-GAAP)	$ 9,170	$ 7,049	$ 3,724	$ 8,411	$ 28,354	$ 7,501	$ -	$ -	$ -	$ 7,501
Weighted Average Basic Shares Outstanding	4,054	4,080	4,085	4,035	4,064	3,970	-	-	-	3,970
Weighted Average Diluted Shares Outstanding	4,127	4,131	4,141	4,091	4,122	4,053	-	-	-	4,053
Diluted earnings per share (GAAP)	$ 2.07	$ 1.20	$ 0.78	$ 0.95	$ 5.00	$ 1.19	$ -	$ -	$ -	$ 1.19
Adjusted diluted earnings per share (Non-GAAP)	$ 2.22	$ 1.71	$ 0.90	$ 2.06	$ 6.88	$ 1.85	$ -	$ -	$ -	$ 1.85

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